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THE WOOL SITUATION

Summary

Wool prices declined in the United States in May at country points and in the Boston market but remained well above those of a year earlier, the Bureau of Agricultural Economics reports. In view of prospects for continuation of a relatively high level of domestic mill consumption during the early summer and the present short world supplies of wool, further declines in domestic wool prices during the summer months probably will be small.

Supplies of apparel wool in the United States on May 1 probably were larger than a year earlier but they were smaller than the average for the preceding 10 years. The increase over a year earlier was due entirely to larger stocks of foreign wool in this country.

While some decline in the current high rate of mill consumption may occur during the second half of 1937, consumption probably will be fairly well maintained during the summer in view of large unfilled orders now on hand. Supplies now available in this country will not be sufficient for mill requirements during the remainder of the present wool marketing year, ending March 1938.

Barring adverse weather conditions in the next few months, it appears probable that wool production in Australia, New Zealand and the Union of South Africa in 1937 will be larger than in 1936. The increase will be offset in part at least by a smaller carryover in the Southern Hemisphere at the end of the current season. As yet there is no definite indication of the size of the coming clip in South American countries.

Apparent supplies of wool in the five most important wool producing countries of the Southern Hemisphere on May 1 were about 13 percent smaller than a year earlier and about 20 percent smaller than the average for the years 1931-35.

DOMESTIC SITUATION

BACKGROUND - Wool prices in the United States advanced sharply in the latter part of 1936. The rise in prices was the result of high consumption by United States mills and relatively small spot supplies of domestic wool, and was aided by the strong price situation in foreign wool markets. The price advance on domestic wools was checked in the early months of 1937 by large arrivals of foreign wools in the United States, but quotations remained firm on the relatively small supplies of spot domestic wool at Boston until wools from the 1937 clip began to arrive in quantity in May.

Wool Sales and Prices

Wool prices declined in the United States in May at country points and in the Boston market, according to reports from the Boston Office of the Bureau of Agricultural Economics.

Prices of medium grade fleece wools declined relatively more than other new clip wools in May. Country graded bright medium fleeces from Ohio and Michigan of 3/8 and 1/4 blood combing and clothing length were quoted at 40-41 cents, grease basis, delivered to Eastern buyers the latter part of May compared with 41-43 cents early in the month and 45-46 cents in April.

Preshearing contracts for fine territory wools and 12-months Texas wools of the 1937 clip were sold below $1 a pound scoured basis in May compared with $1 to $1.03 in April. The average price received by farmers as of May 15 was 32.7 cents a pound compared with 33.2 cents a month earlier and 25.8 cents a year earlier.

Sales of new clip wool at Boston were relatively small in May. Mill requirements for current use were met largely by stocks on hand and by deliveries of new wools which had been bought previously on contract. The small sales to mills and increased quantities of new wools offered on the Boston market were accompanied by a decline in quotations on spot graded wools at Boston, but quotations were largely nominal.

Wool Stocks

The New York Wool Top Exchange Service estimated that supplies of apparel wool on a grease basis in the United States on May 1, including all old and new clip wools in all hands as well as the estimated unshorn portion of the 1937 clip, were about 5 percent larger than a year earlier but about 7 percent smaller than the May 1 average for the preceding 10 years. The increase in stocks compared with a year ago in spite of the unusually high consumption in the first quarter of this year was due to large imports of foreign wool.

Mill Consumption

Machinery activity declined in April in all sections of the United States wool manufacturing industry but it was considerably greater than a year earlier. The weekly average consumption of apparel wool for the 5 weeks ended May 1 amounted to 5,796,000 pounds scoured basis compared with 6,582,000 pounds in March and 4,111,000 pounds in April 1936.

Consumption of apparel wool in the first 4 months of this year was equivalent to 182,000,000 pounds of shorn wool, greasy shorn basis and 30,000,000 pounds of pulled wool, greasy pulled basis. Mill consumption on a grease basis in the same months of 1936 was equivalent to 163,000,000 pounds of shorn wool and 27,000,000 pounds of pulled wool.

Business in the wool goods markets was rather slow in the latter part of May. The New York Wool Top Exchange Service reported on May 19 that unfilled orders for men's wear were still estimated at above 50,000,000 yards. Most mills had sufficient business booked to maintain consumption at least through June and July. Recent announcements indicate that bids are to be opened soon for purchases of wool items for the United States Army and Navy and the Civilian Conservation Corps. It is reported that mills at the present time have orders for about 7,000,000 yards of Army material booked. Orders for fall goods for civilian wear were placed relatively early this season, and a decline in orders is likely until the selling season for spring goods opens in the latter part of the year.

Unfilled Orders Large

The National Association of Wool Manufacturers reports the following statistics on unfilled orders held for certain woven cloths containing by weight, more than 25 percent of yarns spun on the woolen and worsted system by firms in the United States equipped in January 1935 with 34,000 looms.

Date	Men's wear	Women's wear	Auto cloths 1/	Total
	1,000 linear yards	1,000 linear yards	1,000 linear yards	1,000 linear yards
Mar. 28,1936	41,563	9,656	1,118	52,337
Jan. 2,1937	39,296	15,078	3,864	58,238
Mar. 27,1937	58,170	12,473	2,617	73,260

Compiled from "Monthly Statistics of Wool Manufacture". Cloth less than 50 inches wide reported in equivalent 54-inch yardage.

Prospects for Domestic Prices

Although domestic mill consumption of wool during the last half of 1937 is expected to be smaller than that of a year earlier, it is likely to be fairly well maintained during the early summer, in view of the large unfilled orders now on hand. On the other hand, present world supplies of wool are considerably below average, and they will continue small until the new clip from the Southern Hemisphere becomes available in September and October.

Domestic and foreign wool prices weakened slightly in May, as demand from mills apparently slackened. A further decrease in the demand for wool by domestic mills seems probable in view of the prospects for a decrease in mill consumption later this year. Until early fall, however, the tendency for mill demand to weaken will be offset in part by the small world supplies of wool. Consequently further declines in domestic wool prices during the summer probably will not be large.

FOREIGN SITUATION

Wool Sales and Prices

London auctions

The third series of 1937 London wool sales closed May 6 and no further auctions will be held in that market until July 6. Prices at the close of the sales on May 6 were slightly below the high point of the series on most grades of wool, according to a report from Agricultural Attaché C. C. Taylor at London. England, France, Belgium, Holland and Austria were the chief buyers at this series. English buyers took 29,500 bales and continental European buyers 26,000 bales.

Recent prices of the finer grades of wool at London were exceeded for a brief period in 1934, but with that exception prices of all wools at the third series in London were the highest since 1929.

Southern Hemisphere sales

The average price received for greasy wool at all Australian selling centers in April was 28.6 cents a pound compared with 29.7 cents in March and 23.6 cents in April 1936. The apparent decline in April as compared with March was due to the lower quality of wools offered at the season's close. Prices for comparable wools advanced from March to April.

Prices at the clearing wool sales at Melbourne on June 1, however, were considered to be about 7-1/2 percent lower than at the close of the regular selling season. Sales in May in other markets of the Southern Hemisphere were chiefly of short wools and odd lots.

Outlook for 1937-38 Southern Hemisphere Wool Clip

Weather and feed conditions in the Southern Hemisphere countries continue to be generally favorable to the wool clip to be shorn in the last half of 1937. A few dry areas have been reported, in parts of western Australia and in the western part of Cape Province in the Union of South Africa but these are not densely populated sheep areas. Latest reports indicate that ample winter (June-August) feed is in prospect to carry sheep to shearing time in most of the important sheep areas.

Barring adverse weather conditions in the next few months it appears probable that wool production in Australia, New Zealand and the Union of South Africa will be larger in 1937 than in 1936. Sheep numbers in Australia at the beginning of 1937 were at a relatively high level, and numbers in New Zealand and the Union of South Africa probably were larger than a year earlier.

As yet there is no definite indication of the size of the coming wool clips in South American countries but there have been no reports of extended drought conditions in the important producing countries.

Wool production in the five most important producing countries of the Southern Hemisphere totaled approximately 2,036,000,000 pounds in 1936-37 as indicated by receipts into store up to April 30, and the relation of receipts to production for the five seasons 1931-32 to 1935-36. This is an increase of about 10 million pounds above early estimates and an increase of about 1 percent over 1935-36. Final official production estimates for the individual countries are not yet available.

Apparent Supplies in Southern Hemisphere, May 1

Apparent supplies of wool in the five most important wool producing countries of the Southern Hemisphere 1/ on May 1 were about 13 percent smaller than a year ago and about 20 percent smaller than the average for the years 1931-35. This estimate is based on the revised estimate of production in the five countries as indicated by receipts at selling centers up to the end of April, reported carryover from the 1935-36 season and exports up to April 30.

Receipts for the 1936-37 season 2/ up to the end of April totaled 1,446,000,000 pounds. The main wool auction season had closed in all the principal primary markets of the Southern Hemisphere by the end of April.

Exports from Southern Hemisphere up to April 30

Exports of wool from the five important wool producing countries of the Southern Hemisphere for the season up to April 30 amounted to 1,613,000,000 pounds, an increase of 4 percent above the same period a year earlier. Exports from the different countries were as follows in millions of pounds, with percentage of the same period last season given in parentheses: Australia, 762 (100); New Zealand, 248 (86); Union of South Africa, 222 (116); Argentina, 279 (130); and Uruguay, 102 (115).

1/ Australia, New Zealand, Union of South Africa, Argentina and Uruguay.

2/ Export season ends June 30, in Australia, New Zealand and the Union of South Africa and September 30 in Argentina and Uruguay.

The United States has been the most important single purchaser of South American wool so far this season. Purchases by this country reached approximately 99 million pounds, a little more than a fourth of the total exports from Argentina and Uruguay. The increase in purchases by the United States above the same period of the preceding season was about 64 percent. A small quantity of this wool may have been purchased by Canada, but the bulk came to the United States. Statistics show that the United States also has purchased a fairly large amount in Australia this season, the total up to April 30 being reported as 77 million pounds or about three times as much as a year earlier.

Supplies in Importing Countries

Such information as is available indicates that stocks of raw wool remain relatively low in most importing countries. Wool consumption in European countries in the 1936-37 season apparently has been somewhat lower than in the previous season but shipments of wool from the Southern Hemisphere to the principal European consuming countries through March of the current season were smaller than a year earlier.

The 1936-37 selling season is now over in the Southern Hemisphere and there will be little opportunity for replenishing stocks in importing countries until movement of the new Southern Hemisphere clip begins in the latter part of the year.

Manufacturing Activity in Importing Countries

The index of wool top production for the United Kingdom, France, Belgium, Poland and Hungary was 98 for March (1935 = 100) compared with 91 in February and 107 in March 1936, according to statistics published in "Wool Intelligence Notes". Top production in those countries in the first quarter of 1937 was smaller than a year earlier.

Increased activity was reported in most sections of the woolen and worsted industry of the United Kingdom in April. Consumption of raw wool was estimated by the Weekly Wool Chart to be larger than in March and also slightly larger than in April 1936. For the first 4 months of the year, however, consumption was unofficially reported to be about 5 percent smaller than a year earlier.

Table 1.- Price of wool per pound in specified markets, selected periods, 1935-37

Market and description	Average 1935	Average 1936	Apr. 1936	Mar. 1937	Apr. 1937	May 1937
	Cents	Cents	Cents	Cents	Cents	Cents
Boston:						
Territory combing scoured basis:						
64s, 70s, 80s (fine)	74.8	92.0	88.9	113.0	113.0	104.9
56s, (3/8 blood)	63.6	80.4	77.4	95.7	95.5	90.0
46s, (low 1/4 blood)	51.4	63.9	63.9	81.0	81.0	71.8
U. S. farm price(15th.of month)						
Grease basis	19.4	9/26.9	26.2	31.7	33.2	32.7
London: 1/						
Average quality clean cost 2/						
70s	47.5	58.4	58.4	66.2	68.6	69.0
56s	29.0	35.1	33.5	47.8	51.2	51.5
46s	18.6	23.8	22.1	39.2	45.1	44.3
Bradford: 3/						
Scoured basis -						
64s warp	47.7	59.8	59.6	67.2	70.9	71.0
50s	23.2	29.7	30.8	42.7	49.3	48.4
Australia:						
Average price at all selling centers, greasy wool 4/			23.6	29.7	28.6	
Sydney (Delivered Bradford) 5/						
Clean basis, 70s warp			10/	11/73.3	76.7	
Union of South Africa:						
Average export price, greasy wool			19.9	26.7	27.9	
Price at selling centers 6/						
Clean cost exwarehouse, 70s warp			58.2	67.0	70.4	
Argentina:						
Buenos Aires market -						
Buenos Aires, South & South-east greasy coarse crossbred 7/			14.2	23.3	23.3	
Uruguay:						
Montevideo market -						
Fine crossbred, greasy, 50s-56s to 60s 8/			25.6	40.2		

Foreign prices have been converted at prevailing rates of exchange.

1/ Average of quotations for each series of London sales as reported by the London Office of the Bureau of Agricultural Economics. For months when no sales were held figures are interpolations of nearest actual prices.

2/ Top and noil in oil. 3/ Quotations reported about the 25th of the month by the London Office of the Bureau of Agricultural Economics.

4/ National Council of Wool Selling Brokers. 5/ Wool Record and Textile World, Bradford. 6/ South African Ministry for Agriculture.

7/ Monthly average of weekly range quoted in Revista Quincenal de Precios published by Salaberry, Bercetche & Cia, B.A. 8/ Average of maximum and minimum prices for last of month. Furnished by American Consul A. W. Ferrin.

9/ Preliminary. 10/ No sales. 11/ March 17.

Table 2.- United States: Wool imports, consumption and machinery activity, specified periods, 1936 and 1937

Item	Jan. - Apr.		Apr.	Mar.	Apr.
	1936	1937	1936	1937	1937
	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds	1,000 pounds
Imports for consumption -					
Actual weight 1/					
Apparel	45,677	95,075	10,068	24,849	19,442
Finer than 40s	37,375	80,807	7,509	20,526	16,482
Not finer than 40s	8,302	14,268	2,559	4,323	2,960
Carpet, including camels hair	44,541	82,759	13,481	23,120	18,368
Consumption, scoured basis 2/					
Weekly average -					
Apparel	5,220	6,103	4,111	6,582	5,796
Carpet	1,744	2,832	1,758	3,128	2,568
Aggregate -					
Apparel	93,956	109,846	20,555	26,328	28,982
Carpet	31,390	50,969	8,790	12,511	12,842
	Percent	Percent	Percent	Percent	Percent
Machinery activity 2/ (40-hour shift)					
Worsted combs	119.1	150.4	91.6	154.1	151.4
Worsted spindles	77.5	107.4	74.8	108.5	101.7
Woolen spindles	114.9	134.2	105.5	134.2	126.7
Looms broad 3/	105.5	121.3	95.9	122.4	116.4
Looms narrow	52.1	70.9	45.9	72.8	68.1
Carpet and rug looms	62.1	87.9	62.7	92.8	88.4

Import figures from official records of the Bureau of Foreign and Domestic Commerce. Consumption and Machinery activity figures from the Bureau of the Census.

1/ Weight of greasy, scoured and skin wool added together.

2/ Figures for March based on 4 weeks, April on 5 weeks and January - April on 18 weeks. No adjustment made for holidays.

3/ Over 50 inches.

Table 3.- Mill consumption of wool in the United States, by grades and origin, scoured basis, January - March 1936 and 1937

Class and grade	Jan. - Mar. 1936				Jan. - Mar. 1937			
	Domestic	Foreign	Total	Percentage domestic	Domestic	Foreign	Total	Percentage domestic
	Million pounds	Million pounds	Million pounds	Percent	Million pounds	Million pounds	Million pounds	Percent
Apparel class								
64s,70s,80s	22.0	4.1	26.1	84.2	18.5	13.3	31.8	58.2
58s,60s	10.4	1.4	11.8	88.2	7.6	4.1	11.7	65.2
56s	12.8	2.7	15.5	82.5	12.3	4.0	16.3	75.4
48s,50s	9.0	3.2	12.2	74.1	7.0	4.0	11.0	63.4
46s	1.4	1.4	2.8	49.6	1.2	1.8	3.0	39.3
36s,40s,44s	.7	4.3	5.0	13.4	.6	6.5	7.1	8.0
Total apparel	56.3	17.1	73.4	76.6	47.2	33.7	80.9	58.3
Carpet class (all foreign)	---	22.6	22.6	---	---	38.1	38.1	---

Compiled from Bureau of the Census Raw Wool Consumption Reports.

Table 4.- Wool imports into principal consuming countries, specified periods

Country and item	1934	1935	1936	Jan. - Mar. 1936	Jan. - Mar. 1937
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
United States:					
Imports 1/					
Apparel wool	29.3	42.0	110.7	35.6	75.7
Carpet wool	79.1	158.5	143.3	31.1	64.4
United Kingdom:					
Imports	788.5	864.1	914.2	309.2	257.1
Reexports	268.8	283.2	276.7	77.1	62.6
Import balance	519.7	580.9	637.5	232.1	194.5
Germany:					
Imports	316.1	272.8	227.7	63.1	60.0
Reexports	9.8	3.3	0.8	2/	2/
Import balance	306.3	269.5	226.9	63.1	60.0
				Jan.-Feb.	
Japan:					
Imports 2/	181.5	243.5	217.0	61.4	53.5
France:					
Imports, shorn	337.3	385.1	353.4	87.6	82.2
On skins (wool equivalent) 3/	43.7	50.5	47.0	12.3	11.2
Exports	45.9	47.7	64.4	9.4	14.3
Import balance	335.1	387.9	336.0	90.5	79.1
Belgium:					
Imports	164.6	235.0	246.9	57.8	67.7
Exports	99.7	117.2	106.2	23.4	31.7
Import balance	64.9	117.8	140.7	34.4	36.0
Italy:					
Imports	147.2	116.0	42.3	4.9	12.7
Exports	5.0	0.9	2/	2/	2/
Import balance	142.2	115.1	42.3	4.9	12.7

Compiled from official sources and from "Wool Intelligence Notes" published by the Imperial Economic Committee of the United Kingdom.

1/ Imports for consumption. Apparel wools "not finer than 40s" are included with apparel wool for all years. In statistics published by the Department of Commerce from 1930 to 1935, such wools were included with carpet wools.

2/ Reexports are negligible.

3/ Estimated at 4/9 of weight of wooled skins (Wool Intelligence Notes).

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